

OSKALOOSA COMMUNITY SCHOOL DISTRICT
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2009

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OSKALOOSA COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before September, 2008 Election)		
David Meinert	President	2009
Don Patterson	Vice President	2008
John Grahek	Board Member	2008
Anne Whitis	Board Member	2009
Lin Yoder	Board Member	2009
Laurie Palmer	Board Member	2011
Jon Denniston	Board Member	2011

Board of Education (After September, 2008 Election)

David Meinert	President	2009
Don Patterson	Vice President	2013*
Anne Whitis	Board Member	2009
Lin Yoder	Board Member	2009
Jon Denniston	Board Member	2011
Laurie Palmer	Board Member	2011
John Grahek	Board Member	2013*

School Officials

Dr. M. Carolyn McGaughey	Superintendent	2009
Chad Vink	District Secretary/Treasurer	2009
Randy S. De Geest	Attorney	Indefinite

* Board term extended per the District's transition plan for changing Board terms from 3 to 4 years in accordance with Chapter 39.24 of the Code of Iowa.

Independent Auditor's Report

To the Board of Education
Oskaloosa Community School District
Oskaloosa, Iowa

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Oskaloosa Community School District, Oskaloosa, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Oskaloosa Community School District at June 30, 2009, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2010 on our consideration of Oskaloosa Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Schedule of Funding Progress for the Retiree Health Plan, and Budgetary Comparison Information on pages 5 through 12 and 42 through 44 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Oskaloosa Community School District's basic financial statements. Another CPA firm previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the four years ending June 30, 2005 and we audited the financial statements for the three years ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 8, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Van Maanen, Sietstra & Meyer, PC

Van Maanen, Sietstra & Meyer, PC
Certified Public Accountants

March 16, 2010

**OSKALOOSA COMMUNITY SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDING JUNE 30, 2009**

This section of the Oskaloosa Community School District's comprehensive annual financial report presents the discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2009. The analysis focuses on the District's financial performance as a whole. Please read it in conjunction with the District's financial statements, which immediately follow this section.

The Oskaloosa Community School District implemented new reporting standards for the 2003 fiscal year that involved significant changes in content and structure of the reports. Because of this change, the current reports can be more easily compared to the prior years.

FINANCIAL HIGHLIGHTS

The District has now fully completed all of the major construction, renovation, and repair projects planned for the period from 2000-2007. To finance these projects, the District issued capital loan notes in the amount of \$2,530,000 in 2002-2003, Local Option Sales and Services Tax Revenue Bonds totaling \$5,760,000 in 2002-2003, Local Option Sales Tax Bonds in the amount of \$13,140,000 in 2003-2004, and Local Option Sales Tax Bonds in the amount of \$1,910,000 in 2005. Most of these bonds were refinanced in 2008, and the details of the District's long-term debt are detailed in the Notes to Financial Statements. No additional bond issues are being considered at this time, and revenues in excess of the projected requirements have made repayments on these bonds predictable.

General Fund revenues increased from \$20,706,364 in fiscal year 2008 to \$21,991,913 in 2009, while General Fund expenditures increased from \$21,576,862 in fiscal year 2008 to \$21,905,224 in 2009. This resulted in an increase in the District's General Fund fund balance from (\$418,082) in fiscal year 2008 to (\$326,787) in 2009, an increase of \$91,295.

The increase in revenues occurred in spite of losses to State Aid due to an across-the-board budget cut of 1.5% and legislative decisions to provide funding using federal dollars rather than state dollars at the end of the fiscal year. The increase in expenditures was attributable to negotiated wage and benefit increases as well as the increased cost of providing transportation services.

Interest income on investments for the General Fund for the last five fiscal years has been as follows: 2005 – \$65,690; 2006 – \$215,439; 2007 – \$82,194; 2008 – \$174,732; and 2009 – \$117,793.

OVERVIEW OF FINANCIAL STATEMENTS

This report consists of four parts: Management's Discussion and Analysis (this section), the basic financial statements, required supplementary information, and other supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

The first two statements are government-wide financial statements that provide both short-term and long-term information about the District's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the District by reporting the District's operations in more detail than the government-wide statements.

The governmental funds statements explain how basic services such as regular and special education were financed in the short term as well as what remains for future spending.

Proprietary funds statements offer short-term and long-term financial information about activities the District operates like businesses, such as Food Service.

Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

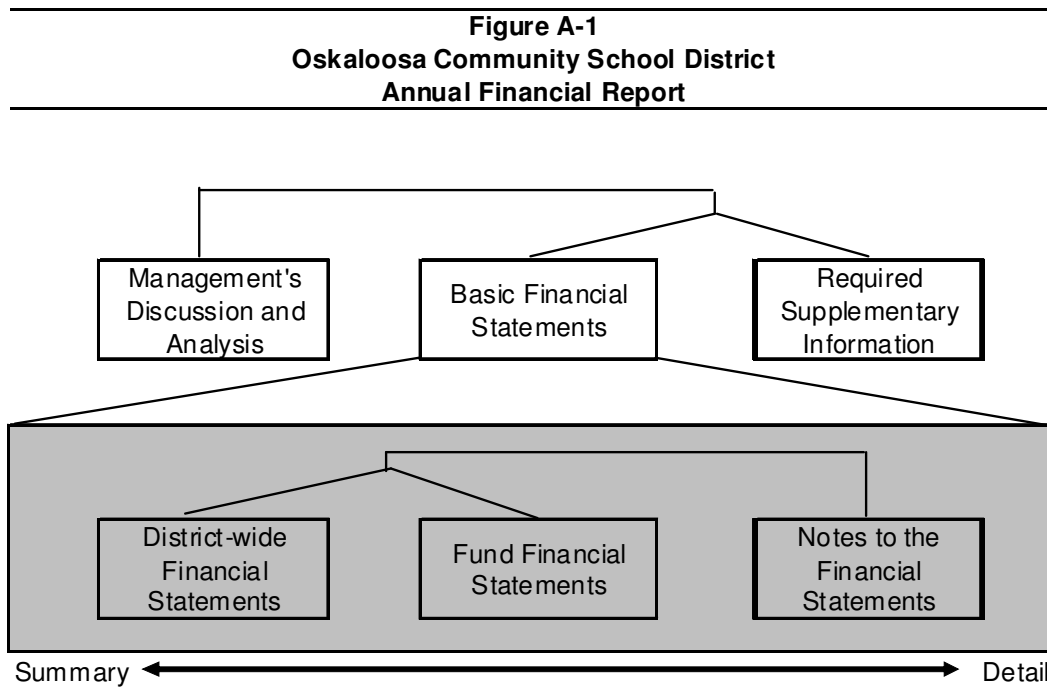


Figure A-2 summarizes the major features of the District's Financial Statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of the Management's Discussion and Analysis highlights the structure and contents of each of the statements.

Figure A-2 Major Features of the District-wide and Fund Financial Statements				
	District-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as the special education and building maintenance	Activities the district operates similar to private businesses: food services and adult education	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	* Statement of net assets * Statement of activities	* Balance sheet Statement of revenues, expenditures, and changes in fund balances	* * Statement of net assets * Statement of revenues, expenses and changes in net assets * Statement of cash flows	* Statement of fiduciary net assets * Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year; or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or position.

Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating, respectively.

To assess the District's overall health, additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

Governmental Activities: Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid finance most of these activities.

Business type Activities: The District charges fees to help cover the costs of certain services it provides. The District's nutrition program would be included here.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds. Funds are accounting devices that districts use to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law or by bond covenants.

The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds or to show that it is properly using certain revenues such as federal grants.

The District has three kinds of funds:

Governmental Funds. Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Fund.

Proprietary Funds. Services for which the District charges a fee are generally reported in proprietary funds. These funds are reported in the same way as the government-wide statements.

The Nutrition Fund, Student Construction Fund, and Student Farm Fund are the only proprietary funds that the District maintains.

Fiduciary Funds. The District is the trustee or fiduciary for the assets that belong to others such as scholarship funds.

The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Comparative condensed financial statements are presented in Figure A-3.

Figure A-3							
Condensed Statement of Net Assets							
(Expressed in Thousands)							
	Governmental Activities		Business type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2009	2008	2009	2008	2009	2008	2008-09
Current and other assets	\$ 23,233	21,599	143	88	23,376	21,687	7.8%
Capital assets	30,103	30,963	192	221	30,295	31,184	-2.9%
Total assets	53,336	52,562	335	309	53,671	52,871	1.5%
Long-term liabilities	16,585	20,436	2	-	16,587	20,436	-18.8%
Other liabilities	17,170	13,762	192	178	17,362	13,940	24.5%
Total liabilities	33,755	34,198	194	178	33,949	34,376	-1.2%
Net assets:							
Invested in capital assets, net of related debt	19,879	18,466	192	221	20,071	18,687	7.4%
Restricted	885	862	-	-	885	862	2.7%
Unrestricted	(1,183)	(964)	(51)	(90)	(1,234)	(1,054)	17.1%
Total net assets	\$ 19,581	18,364	141	131	19,722	18,495	6.6%

Figure A-4 shows the change in net assets for the year ended June 30, 2009.

Figure A-4							
Changes in Net Assets							
(Expressed in Thousands)							
	Governmental Activities		Business type Activities		Total District		
	Year ended June 30,		Year ended June 30,		Year ended June 30,		
	2009	2008	2009	2008	2009	2008	
Revenues:							
Program revenues:							
Charges for service	\$ 1,101	1,132	600	461	1,701	1,593	
Operating grants, contributions and restricted interest	3,529	3,155	506	427	4,035	3,582	
General revenues:							
Property tax	8,006	7,288	-	-	8,006	7,288	
Statewide sales and service tax	2,847	3,185	-	-	2,847	3,185	
Unrestricted state grants	10,113	10,086	-	-	10,113	10,086	
Unrestricted investment earnings	269	360	1	1	270	361	
Other	402	270	-	-	402	270	
Total revenues	26,267	25,476	1,107	889	27,374	26,365	
Program expenses:							
Governmental activities:							
Instruction	15,847	14,297	149	-	15,996	14,297	
Support services	6,677	7,453	29	-	6,706	7,453	
Non-instructional programs	-	-	919	944	919	944	
Other expenses	2,526	2,165	-	-	2,526	2,165	
Total expenses	25,050	23,915	1,097	944	26,147	24,859	
Change in net assets	\$ 1,217	1,561	10	(55)	1,227	1,506	

Governmental Activities

The revenues and other financing sources for governmental activities were \$26,267,420 and expenses were \$25,050,328.

Figure A-5 presents the total and net cost of the District's major governmental activities: instruction, support services, and other expenses.

Figure A-5		
Total and Net Cost of Governmental Activities		
(Expressed in Thousands)		
	Total Cost of Services	Net Cost of Services
Instruction	\$ 15,847	12,126
Support services	6,677	6,626
Other expenses	2,526	1,668
Totals	<u>\$ 25,050</u>	<u>20,420</u>

- Federal and state governments subsidized certain programs with grants and contributions totaling \$3,529,566.
- The net cost of governmental activities was financed with \$8,005,787 in local property tax, \$2,847,365 in statewide sales and services taxes, \$10,112,741 in unrestricted state grants, and \$268,588 in interest on investments.
- The revenues and expenses for the District's governmental activities increased due to higher overall tax revenues, as well as the retirement of debt involved with the refinancing of construction bonds. The financial strength of the District is in a transition phase with lower revenues and increasing bond payments, causing a (2.6%) solvency ratio.

Business Type Activities

Revenues of the District's business type activities were \$1,107,241 and expenses were \$1,096,976. The Nutrition Fund comprises the primary business-type activity for the District. Revenues included \$486,218 in charges for services, \$506,626 in state and federal grants, and \$1,104 in interest on investments.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As previously noted, the Oskaloosa Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The District's Governmental Fund balances decreased a total of \$1,807,723 over the previous fiscal year. The individual fund balance changes were as follows:

	Beginning Balance	Increase (Decrease)	Ending Balance
General Fund	\$ (418,082)	91,295	(326,787)
Capital Projects	7,791,284	(1,682,732)	6,108,552
Non-major Funds	695,803	(216,286)	479,517

The total disbursements for the governmental and proprietary funds were greater than receipts due to retirement of long-term debt, specifically refinanced sales tax revenue bonds. Budgeted revenues were both less and more than actual revenues due to the sudden change in funding at the State level just prior to the end of the fiscal year. Actual expenditures exceeded budgetary amounts in two areas due to changes in the coding of expenditures subsequent to the end of the fiscal year.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds. This is referred to as the certified budget. It may be amended during the year utilizing similar statutorily prescribed procedures. The District's certified budget is prepared on a cash basis in accordance with generally accepted accounting principles. During the 2009 fiscal year, the District amended its budget once to reflect increased expenditure estimates in one of the four budget categories.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of the 2009 fiscal year, the District had invested in a broad range of capital assets including land, buildings, athletic facilities, computers, and audio-visual equipment, transportation equipment, and administrative offices.

Figure A-6 shows total investment in capital assets net of accumulated depreciation.

Figure A-6							
Capital Assets, net of Depreciation							
(Expressed in Thousands)							
	Governmental Activities		Business type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2009	2008	2009	2008	2009	2008	2008-09
Land	\$ 360	360	-	-	360	360	0.0%
Buildings	27,419	28,033	-	-	27,419	28,033	-2.2%
Improvements other than buildings	11	19	-	-	11	19	-42.1%
Furniture and equipment	2,313	2,551	192	221	2,505	2,772	-9.6%
Totals	\$ 30,103	30,963	192	221	30,295	31,184	-2.9%

Long-Term Debt

Figure A-7 outlines the composition of the total long-term debt amount of \$16,629,303 for the District as of June 30, 2009.

During fiscal year 2002, the District's voters approved the issuance of local option sales and services tax revenue bonds not to exceed \$20,000,000.

Figure A-7			
Outstanding Long-Term Obligations			
(Expressed in Thousands)			
	Total District		Total Change
	June 30,		June 30,
	2009	2008	2008-09
School infrastructure revenue bonds payable	\$ 6,365	9,065	-29.8%
Revenue bonds payable	8,205	9,000	-8.8%
Capital notes payable	1,285	1,525	-15.7%
Lease purchase agreement	478	698	-31.5%
Early retirement	169	148	14.2%
Other post employment benefits	27	-	
Totals	\$ 16,529	20,436	-19.1%

FACTORS BEARING ON THE DISTRICT'S FUTURE

A substantial part of the general fund revenues are determined by the Aid and Levy Worksheet that utilizes the District's certified enrollment to establish the Combined District Cost. The Certified Enrollment determined in October of 2009 indicated that funding related to enrollment will remain at its current level. The District's Administration will continue to monitor student enrollment as it relates to the state and federal funding generated.

A substantial part of General Fund expenditures are wages and benefits. A majority of the district's employees are covered by State-mandated collective bargaining agreements. The final step in the negotiation process is binding arbitration. If the negotiation process progresses to this level, the outcome may produce wages and benefits in excess of available funding. If this happens, administration will be forced to reduce the expenditure budget with cuts in staff.

CONTACTS

For information regarding this report, contact Chad M. Vink, Board Secretary, Oskaloosa Community School District, 1800 North 3rd Street, Oskaloosa, Iowa 52757; Telephone 641-673-8345.

Oskaloosa Community School District

Basic Financial Statements

Exhibit A

OSKALOOSA COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
June 30, 2009

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and cash equivalents:			
ISCAP	\$ 5,712,637	-	5,712,637
Other	7,849,118	127,928	7,977,046
Receivables:			
Property tax:			
Delinquent	102,823	-	102,823
Succeeding year	8,451,509	-	8,451,509
Accounts	317,464	2,003	319,467
Accrued interest			
ISCAP	13,413	-	13,413
Due from other funds	178,641	-	178,641
Due from other governments	607,826	-	607,826
Inventories	-	13,398	13,398
Capital assets, net of accumulated depreciation	30,103,250	192,095	30,295,345
Total assets	53,336,681	335,424	53,672,105
Liabilities			
Accounts payable	213,675	947	214,622
Salaries and benefits payable	2,253,498	-	2,253,498
Due to other funds	-	178,641	178,641
Accrued interest payable	274,796	-	274,796
Unearned revenue:			
Succeeding year property tax	8,451,509	-	8,451,509
Other	229,411	13,088	242,499
ISCAP warrants payable	5,629,000	-	5,629,000
ISCAP accrued interest payable	25,264	-	25,264
ISCAP unamortized premiums	93,575	-	93,575
Long-term liabilities:			
Portion due within one year:			
Obligations under capital lease	232,467	-	232,467
School infrastructure revenue bonds payable	2,645,000	-	2,645,000
Revenue bonds payable	2,030,000	-	2,030,000
Capital notes payable	245,000	-	245,000
Early retirement	76,217	-	76,217
Compensated absences	55,265	-	55,265
Portion due after one year:			
Obligations under capital lease	245,516	-	245,516
Revenue bonds payable	9,895,000	-	9,895,000
Capital notes payable	1,040,000	-	1,040,000
Early retirement	92,854	-	92,854
Other post employment benefits	27,249	1,751	29,000
Total liabilities	33,755,296	194,427	33,949,723
Net assets			
Invested in capital assets, net of related debt	19,878,819	192,095	20,070,914
Restricted for:			
Categorical funding	237,482	-	237,482
Physical plant and equipment levy	290,245	-	290,245
Other special revenue purposes	358,033	-	358,033
Unrestricted	(1,183,194)	(51,098)	(1,234,292)
Total net assets	\$ 19,581,385	140,997	19,722,382

See notes to financial statements.

OSKALOOSA COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Year ended June 30, 2009

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business type Activities	
Functions/Programs						
Governmental activities:						
Instruction:						
Regular	\$ 11,417,339	411,990	1,739,278	(9,266,071)	-	(9,266,071)
Special	3,489,401	148,577	858,594	(2,482,230)	-	(2,482,230)
Other	940,267	523,406	39,249	(377,612)	-	(377,612)
	15,847,007	1,083,973	2,637,121	(12,125,913)	-	(12,125,913)
Support Services:						
Student	725,084	-	-	(725,084)	-	(725,084)
Instructional staff	639,677	-	-	(639,677)	-	(639,677)
Administration	1,967,442	-	-	(1,967,442)	-	(1,967,442)
Operation and maintenance of plant	2,368,765	-	-	(2,368,765)	-	(2,368,765)
Transportation	976,421	16,922	34,630	(924,869)	-	(924,869)
	6,677,389	16,922	34,630	(6,625,837)	-	(6,625,837)
Other expenditures:						
Facilities acquisition	320,261	-	-	(320,261)	-	(320,261)
Long-term debt interest	726,607	-	-	(726,607)	-	(726,607)
AEA flowthrough	857,815	-	857,815	-	-	-
Depreciation (unallocated)*	621,249	-	-	(621,249)	-	(621,249)
	2,525,932	-	857,815	(1,668,117)	-	(1,668,117)
Total governmental activities	25,050,328	1,100,895	3,529,566	(20,419,867)	-	(20,419,867)
Business type activities:						
Instructional programs:						
Student construction operations	148,995	105,293	-	-	(43,702)	(43,702)
Support services:						
Student construction operations	5,749	-	-	-	(5,749)	(5,749)
Food service operations	22,858	-	-	-	(22,858)	(22,858)
Non-instructional programs:						
Farm account operations	-	8,000	-	-	8,000	8,000
Food service operations	919,374	486,218	506,626	-	73,470	73,470
Total business type activities	1,096,976	599,511	506,626	-	9,161	9,161
Total primary government	\$ 26,147,304	1,700,406	4,036,192	(20,419,867)	9,161	(20,410,706)

Exhibit B

OSKALOOSA COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Year ended June 30, 2009

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business type Activities
General Revenues:					
Property tax levied for:					
General purposes				7,512,953	-
Capital outlay				492,834	-
Statewide sales and services tax				2,847,365	-
Unrestricted state grants				10,112,741	-
Unrestricted investment earnings				268,588	1,104
Other				331,030	-
Contributions not restricted to specific programs				50,515	-
Gain on sale of assets				20,933	-
Total general revenues				21,636,959	1,104
Change in net assets				1,217,092	10,265
Net assets beginning of year				18,364,293	130,732
Net assets end of year				\$ 19,581,385	140,997

* This amount excludes the depreciation included in the direct expenses of the various programs.

See notes to financial statements.

OSKALOOSA COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

	General	Capital Projects	Debt Service	Non-major Governmental	Total
Assets					
Cash and pooled investments:					
ISCAP	\$ 5,712,637	-	-	-	5,712,637
Other	1,223,784	5,886,581	-	738,753	7,849,118
Receivables:					
Property tax:					
Delinquent	93,618	-	-	9,205	102,823
Succeeding year	7,417,424	-	-	1,034,085	8,451,509
Accounts	317,464	-	-	-	317,464
Accrued interest:					
ISCAP	13,413	-	-	-	13,413
Due from other funds	366,687	-	-	50,789	417,476
Due from other governments	385,855	221,971	-	-	607,826
Total assets	\$ 15,530,882	6,108,552	-	1,832,832	23,472,266
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 209,497	-	-	4,178	213,675
Salaries and benefits payable	2,253,498	-	-	-	2,253,498
Early retirement payable	-	-	-	76,217	76,217
Due to other funds	-	-	-	238,835	238,835
ISCAP warrants payable	5,629,000	-	-	-	5,629,000
ISCAP accrued interest payable	25,264	-	-	-	25,264
ISCAP unamortized premiums	93,575	-	-	-	93,575
Deferred revenue:					
Succeeding year property tax	7,417,424	-	-	1,034,085	8,451,509
Other	229,411	-	-	-	229,411
Total liabilities	15,857,669	-	-	1,353,315	17,210,984
Fund balances:					
Reserved for:					
Categorical funding	237,482	-	-	-	237,482
Unreserved	(564,269)	6,108,552	-	479,517	6,023,800
Total fund balances	(326,787)	6,108,552	-	479,517	6,261,282
Total liabilities and fund balances	\$ 15,530,882	6,108,552	-	1,832,832	23,472,266

See notes to financial statements.

OSKALOOSA COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
June 30, 2009

Total fund balances of governmental funds (Exhibit C)	\$ 6,261,282
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	30,103,250
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(274,796)
Long-term liabilities, including bonds payable, early retirement and compensated absences, and other post employment benefits payable are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(16,508,351)</u>
Net assets of governmental activities (Exhibit A)	<u><u>\$ 19,581,385</u></u>

See notes to financial statements.

OSKALOOSA COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year ended June 30, 2009

	General	Capital Projects	Debt Service	Non-major Governmental	Total
Revenues:					
Local sources:					
Local tax	\$ 7,288,225	2,847,365	-	717,562	10,853,152
Tuition	464,849	-	-	-	464,849
Other	592,007	118,284	-	570,916	1,281,207
State sources	12,723,775	-	-	447	12,724,222
Federal sources	923,057	-	-	-	923,057
Total revenues	21,991,913	2,965,649	-	1,288,925	26,246,487
Expenditures:					
Current:					
Instruction:					
Regular	10,994,352	-	-	157,791	11,152,143
Special	3,406,674	-	-	-	3,406,674
Other	400,102	-	-	540,165	940,267
	14,801,128	-	-	697,956	15,499,084
Support services:					
Student	724,780	-	-	-	724,780
Instructional staff	638,459	-	-	-	638,459
Administration	1,910,752	9,846	-	100	1,920,698
Operation and maintenance of plant	2,020,838	-	-	295,134	2,315,972
Transportation	951,452	-	-	157,539	1,108,991
	6,246,281	9,846	-	452,773	6,708,900
Other expenditures:					
Facilities acquisition	-	-	-	320,261	320,261
Long-term debt:					
Principal	-	-	3,955,112	-	3,955,112
Interest and fiscal charges	-	-	741,553	-	741,553
AEA flowthrough	857,815	-	-	-	857,815
	857,815	-	4,696,665	320,261	5,874,741
Total expenditures	21,905,224	9,846	4,696,665	1,470,990	28,082,725
Excess (deficiency) of revenues over (under) expenditures	86,689	2,955,803	(4,696,665)	(182,065)	(1,836,238)
Other financing sources (uses):					
Sale of equipment	28,515	-	-	-	28,515
Operating transfers in	-	-	4,696,665	523,909	5,220,574
Operating transfers out	(23,909)	(4,638,535)	-	(558,130)	(5,220,574)
Total other financing sources (uses)	4,606	(4,638,535)	4,696,665	(34,221)	28,515
Net change in fund balances	91,295	(1,682,732)	-	(216,286)	(1,807,723)
Fund balances beginning of year	(418,082)	7,791,284	-	695,803	8,069,005
Fund balances end of year	\$ (326,787)	6,108,552	-	479,517	6,261,282

See notes to financial statements.

OSKALOOSA COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year ended June 30, 2009

Net change in fund balances - total governmental funds (Exhibit E) \$ (1,807,723)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital outlays	\$ 292,678	
Less loss on retirement of capital assets	(7,582)	
Depreciation expense	(1,144,642)	(859,546)

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term debt liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

Revenue bonds issued	-	
Capital loan notes issued	-	
Obligations under capital lease issued	-	
Bond principal repaid	3,735,000	
Capital lease payments	220,112	3,955,112

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

14,946

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Early retirement	(3,183)	
Compensated absences	(55,265)	
Other post employment benefits	(27,249)	
		(85,697)

Change in net assets of governmental activities (Exhibit B) \$ 1,217,092

See notes to financial statements.

OSKALOOSA COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2009

	<u>Non-major Enterprise</u>
Assets	
Current assets:	
Cash and investments	\$ 127,928
Accounts receivable	2,003
Inventories	13,398
Capital assets, net of accumulated depreciation	192,095
Total assets	<u>335,424</u>
Liabilities	
Current liabilities:	
Accounts payable	947
Due to other funds	178,641
Deferred revenue	13,088
Total current liabilities	<u>192,676</u>
Noncurrent liabilities:	
Other post employment benefits	1,751
Total liabilities	<u>194,427</u>
Net Assets	
Invested in capital assets, net of related debt	192,095
Unrestricted	<u>(51,098)</u>
Total net assets	<u><u>\$ 140,997</u></u>

See notes to financial statements.

OSKALOOSA COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
Year ended June 30, 2009

	<u>Non-major Enterprise</u>
Operating revenue:	
Local sources:	
Charges for services	<u>\$ 599,511</u>
Operating expenses:	
Instructional programs:	
Regular	148,995
Support services:	
Administration	3,249
Operation and maintenance of plant	<u>25,358</u>
	<u>177,602</u>
Non-instructional programs:	
Food service operations:	
Salaries	281,995
Benefits	120,759
Purchased services	1,440
Supplies	486,101
Depreciation	<u>29,079</u>
	<u>919,374</u>
Total operating expenses	<u>1,096,976</u>
Operating loss	<u>(497,465)</u>
Non-operating revenue:	
Local sources	1,104
State sources	10,407
Federal sources	<u>496,219</u>
Total non-operating revenue	<u>507,730</u>
Change in net assets	10,265
Net assets beginning of year	<u>130,732</u>
Net assets end of year	<u><u>\$ 140,997</u></u>

See notes to financial statements.

OSKALOOSA COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year ended June 30, 2009

	Non-major Enterprise
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 475,225
Cash received from miscellaneous operating activities	113,293
Cash payments to employees for services	(401,003)
Cash payments to suppliers for goods or services	(633,256)
Net cash used by operating activities	<u>(445,741)</u>
Cash flows from non-capital financing activities:	
State grants received	10,407
Federal grants received	454,831
Net cash provided by non-capital financing activities	<u>465,238</u>
Cash flows from investing activities:	
Interfund loan	28,278
Interest on investments	1,104
Net cash provided by investing activities	<u>29,382</u>
Net increase in cash and cash equivalents	48,879
Cash and cash equivalents at beginning of year	<u>79,049</u>
Cash and cash equivalents at end of year	<u><u>\$ 127,928</u></u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (497,465)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	41,388
Depreciation	29,079
(Increase) in inventories	(4,957)
(Increase) in accounts receivable	(2,003)
(Decrease) in accounts payable	(4,544)
(Decrease) in deferred revenue	(8,990)
Increase in other post employment benefits payable	1,751
Net cash used by operating activities	<u><u>\$ (445,741)</u></u>
Reconciliation of cash and cash equivalents at year end to specific assets included on Combined Balance Sheet:	
Current assets:	
Cash	\$ 127,928
Cash and cash equivalents at year end	<u><u>\$ 127,928</u></u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2009, the District received federal commodities valued at \$41,388.

See notes to financial statements.

OSKALOOSA COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
June 30, 2009

	Private Purpose Trust
	Athletic Endowment
Assets	
Cash and investments	\$ 2,039
Total assets	<u>2,039</u>
Net assets	<u><u>\$ 2,039</u></u>

See notes to financial statements.

Exhibit K

DAVIS COUNTY COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
Year ended June 30, 2009

	Private Purpose Trust Athletic Endowment
Additions:	
Local sources:	
Interest on investments	\$ 9
Change in net assets	9
Net assets beginning of year	2,030
Net assets end of year	\$ 2,039

See notes to financial statements.

OSKALOOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

(1) **Summary of Significant Accounting Policies**

Oskaloosa Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades pre-kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Oskaloosa, Iowa and the predominate agricultural territory in Mahaska county. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Oskaloosa Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The Oskaloosa Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organization - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Mahaska County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

OSKALOOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major governmental funds.

Fund accounting - The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, reserves, fund balance/net assets, revenues and expenditures or expenses, as appropriate. The District has the following funds:

Governmental Fund Types: Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

General Fund: The General Fund is the general operating fund of the District. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, including instructional, support and other costs.

Debt Service Fund: The Debt Service Fund is utilized to account for the payment of interest and principal on the District's general long-term debt.

Capital Projects Fund: The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The other governmental funds of the District are considered non-major and are as follows:

Special Revenue Funds: The Special Revenue Funds account for the revenue sources that are legally restricted to expenditures for specific purposes. These funds consist of the following:

Student Activity Funds: This fund accounts for transactions that occur due to student-related activities from groups and organizations such as athletic and activity events, fundraising and other extra-curricular or co-curricular activities.

Management Fund: This fund is authorized by Iowa Code Section 298.4 and accounts for transactions related to unemployment, early retirement, judgments and settlements and the cost of liability insurance as it relates to property and casualty.

OSKALOOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Physical Plant and Equipment Levy (PPEL) Fund: This fund is authorized by Iowa Code 298.2 and accounts for transactions related to the improvement of facilities and grounds, construction of school houses, certain equipment expenditures and other expenditures authorized in Iowa Code 298.3.

Proprietary Fund Types: Proprietary fund types are used to account for the District's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position and cash flows. The following are the District's proprietary funds:

Enterprise Funds: Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the District has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the District has elected to apply all applicable Financial Accounting Standards Board (FASB) pronouncements, issued on or before November 30, 1989, except for those pronouncements which conflict with or contradict GASB pronouncements.

The following enterprise funds of the District are considered non-major:

School Nutrition Fund: This fund accounts for transactions related to the school lunch, breakfast and summer food programs authorized by Iowa Code 283A.

Student Construction Fund: This fund accounts for student construction projects.

School Farm Account: This fund accounts for transactions relating to farm rental operations of the District.

Fiduciary Fund Types: Fiduciary funds account for assets held by the District in a trustee or agency capacity for the benefit of others and cannot be used to support District activities. The District has the following fiduciary fund type:

Private Purpose Trust Fund: This fund is used to account for for assets held by the District under trust agreements which require income earned to be used to benefit individuals through athletic endowments.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

OSKALOOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
June 30, 2009

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

OSKALOOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS June 30, 2009

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2008.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 1,000
Buildings	1,000
Improvements other than buildings	1,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	1,000

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	45 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-15 years

OSKALOOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred and Unearned Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of the succeeding year's property tax receivable and unspent grant proceeds.

Unearned revenue on the Statement of Net Assets consists of unspent grant proceeds as well as the succeeding year's property tax receivable that will not be recognized as revenue until the year for which it is levied and unspent grant proceeds.

Long-term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Equity - In the governmental fund financial statements, reservations of fund balance are reported for amounts not available for appropriation or legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets - In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2009, disbursements in the instruction and other expenditures functional areas exceeded the amounts budgeted.

(2) **Cash and Pooled Investments**

The District's deposits in banks at June 30, 2009 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

OSKALOOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
June 30, 2009

At June 30, 2009, the District had investments as follows:

	<u>Amortized Cost</u>
Goldman Sachs Financial Square Treasury Obligations Fund	\$ 1,714,947
United States Treasury Notes	2,871,150
Total	<u>\$ 4,586,097</u>

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Credit risk. The investments in Goldman Sachs Financial Square Treasury Obligations Fund were all rated Aaa by Moody's Investors Service. The investment in the United States treasury notes is not subject to credit risk rating.

(3) Interfund Receivables/Payables

The amounts of interfund receivables and payables are as follows:

Receivable Fund	Payable Fund	Amount
General	Special Revenue, Management Fund	\$ 95,431
General	Special Revenue, Student Activity Fund	51,543
General	Physical Plant and Equipment Levy	41,072
General	Enterprise, School Nutrition	52,858
General	Enterprise, Student Construction	125,783
Special Revenue, Student Activity Fund	Physical Plant and Equipment Levy	50,789
		<u>\$ 417,476</u>

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2009 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects	\$ 4,138,535
Debt Service	Special Revenue, Physical Plant and Equipment Levy	558,130
Special Revenue, Physical Plant and Equipment Levy	Capital Projects	500,000
Special Revenue, Physical Plant and Equipment Levy	General	23,909
		<u>\$ 5,220,574</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

OSKALOOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
June 30, 2009

(5) **Capital Assets**

Capital assets activity for the year ended June 30, 2009 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 360,229	-	-	360,229
Total capital assets not being depreciated	360,229	-	-	360,229
Capital assets being depreciated:				
Buildings	35,120,162	-	-	35,120,162
Improvements other than buildings	297,190	-	-	297,190
Furniture and equipment	8,357,020	292,678	797,120	7,852,578
Total capital assets being depreciated	43,774,372	292,678	797,120	43,269,930
Less accumulated depreciation for:				
Buildings	7,086,979	614,438	-	7,701,417
Improvements other than buildings	278,807	6,811	-	285,618
Furniture and equipment	5,806,019	523,393	789,538	5,539,874
Total accumulated depreciation	13,171,805	1,144,642	789,538	13,526,909
Total capital assets being depreciated, net	30,602,567	(851,964)	7,582	29,743,021
Governmental activities capital assets, net	\$ 30,962,796	(851,964)	7,582	30,103,250
Business type activities:				
Furniture and equipment	\$ 360,576	-	-	360,576
Less accumulated depreciation	139,402	29,079	-	168,481
Business type activities capital assets, net	\$ 221,174	(29,079)	-	192,095
Depreciation expense was charged by the District as follows:				
Governmental activities:				
Instruction:				
Regular				\$ 240,459
Special				73,669
Support services:				
Administration				45,526
Operation and maintenance of plant				54,217
Transportation				109,522
				523,393
Unallocated depreciation				621,249
Total governmental activities depreciation expense				\$ 1,144,642
Business type activities:				
Food services				\$ 29,079

OSKALOOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
June 30, 2009

(6) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2009 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Early retirement	\$ 147,770	93,200	71,899	169,071	76,217
Lease purchase agreement	698,095	-	220,112	477,983	232,467
Capital loan notes	1,525,000	-	240,000	1,285,000	245,000
Local option sales and services tax revenue bonds and school infrastructure local option sales and services tax revenue bonds	18,065,000	-	3,495,000	14,570,000	4,675,000
Total	\$ 20,435,865	93,200	4,027,011	16,502,054	5,228,684

Capital Loan Notes

Details of the District's June 30, 2009 general obligation bonded indebtedness are as follows:

Year ending June 30,	Interest Rates	Principal	Interest	Total
2010	3.25%	\$ 245,000	41,762	286,762
2011	3.25%	255,000	33,800	288,800
2012	3.25%	265,000	25,512	290,512
2013	3.25%	275,000	16,900	291,900
2014	3.25%	245,000	7,962	252,962
Total		\$ 1,285,000	125,936	1,410,936

Local Option Sales and Services Tax Revenue Bonds

Details of the District's local option sales and services tax revenue bonded indebtedness are as follows:

Issue Dated September 1, 2002 Series 2002A-422B				Issue Dated September 1, 2002 Subordinate Series 2002B-422B		
Year ending June 30,	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2010	4.050%	\$ -	144,506	4.500	170,000	81,708
2011	4.050%	-	144,506	4.625	180,000	74,058
2012	4.050%	-	144,506	4.750	190,000	65,734
2013	4.050%	175,000	144,506	7.875	205,000	56,708
2014	4.200%	750,000	129,824	5.000	210,000	46,716
2015	4.250%	780,000	98,290	5.000	225,000	36,216
2016	4.375%	820,000	64,813	5.150	235,000	24,966
2017	4.500%	860,000	28,756	5.250	245,000	12,862
Subtotal		3,385,000	899,707		1,660,000	398,968

OSKALOOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Local Option Sales and Services Tax Revenue Bonds (continued)

Issue Dated July 1, 2003 Series 2003A-422B				Issue Dated May 1, 2008 Series 2008A-423B		
Year ending June 30,	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2010	3.125%	650,000	80,088	3.240%	-	19,440
2011	3.375%	670,000	59,741	3.240%	600,000	19,440
2012	3.500%	695,000	37,378	-	-	-
2013	3.625%	545,000	13,006	-	-	-
2014	-	-	-	-	-	-
2015	-	-	-	-	-	-
2016	-	-	-	-	-	-
2017	-	-	-	-	-	-
	Subtotal	2,560,000	190,213		600,000	38,880
Total						
Year Ending June 30,	Principal		Interest			
2010	820,000		325,742			
2011	1,450,000		297,745			
2012	885,000		247,618			
2013	925,000		214,220			
2014	960,000		176,540			
2015	1,005,000		134,506			
2016	1,055,000		89,779			
2017	1,105,000		41,618			
	\$ 8,205,000		1,527,768			

School Infrastructure Local Option Sales and Services Tax Revenue Bonds

Details of the District's school infrastructure local option sales and services tax revenue bonded indebtedness are as follows:

Issue Dated August 1, 2003 Series 2003B-422E				Issue Dated August 1, 2003 Subordinate Series 2003C-422E		
Year ending June 30,	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2010	4.70-4.80%	\$ 2,645,000	64,855	2.65%	1,210,000	90,720
2011	-	-	-	2.65%	1,235,000	58,367
2012	-	-	-	2.65%	1,275,000	25,374
		2,645,000	64,855		3,720,000	174,461
Total						
Year Ending June 30,	Principal		Interest			
2010	3,855,000		155,575			
2011	1,235,000		58,367			
2012	1,275,000		25,374			
	\$ 6,365,000		239,316			

OSKALOOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

The local option (statewide) sales and services tax revenue bonds and school infrastructure local option sales and services tax revenue bonds were issued for the purpose of defraying a portion of the cost of school infrastructure. The bonds are payable solely from the proceeds of the local option sales and services tax revenues received by the District. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District.

The resolutions providing for the issuance of the local option sales and services tax revenue bonds and school infrastructure local option sales and services tax revenue bonds include the following provisions:

- a) \$2,129,000 of the proceeds from the issuance of the revenue bonds shall be deposited to the Reserve Account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the Sinking Account. The balance of the proceeds shall be deposited in the Project Account.
- b) All proceeds from the local option (statewide) sales and services tax shall be placed in a Revenue Account.
- c) Monies in the Revenue Account shall be disbursed to make deposits into a Sinking Account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the Revenue Account after the required transfer to the Sinking Account may be transferred to the Project Account to be used for any lawful purpose.

Early Retirement Payable

The District offers a voluntary early retirement plan for its certified employees, administrators, nurses and directors. Eligible employees must be between ages fifty-five and sixty-five and employees must have completed twenty years of continuous service to the District or fifteen years with the District and then may add one half the years of service with another District (to a maximum of five years) to meet the twenty year requirement. Employees must complete an application which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee is a flat dollar lump sum payment based upon the years of service the employee had as of the retirement year. The early retiree will also be eligible for monthly insurance premium benefits up to a maximum \$150 per month. This benefit will be discontinued when the retirees have been retired for nine years, if the retiree becomes eligible for Medicare, or when the retiree reaches age 65, whichever occurs first. Early retirement benefits paid during the year ended June 30, 2009, totaled \$71,899.

(7) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 4.10% of their annual covered salary and the District is required to contribute 6.35% of annual covered salary. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2009, 2008 and 2007 were \$863,243, \$792,593, and \$699,868, respectively, equal to the required contributions for each year.

OSKALOOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
June 30, 2009

(8) Other Post-Employment Benefits (OPEB)

The District implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Post-employment Benefits other Than Pensions during the year ended June 30, 2009.

Plan Description - The District operates a retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 274 active and 25 retired members in the plan. Participants must be age 55 or older at retirement and must have been employed full time by the District for a minimum of 20 years.

The medical/prescription drug coverage is provided through a self-funded insurance program administered by a third party administrator. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy - The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2009, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 157,000
Contributions made	<u>(128,000)</u>
Increase in net OPEB obligation	29,000
Net OPEB obligation beginning of year	<u>-</u>
Net OPEB obligation end of year	<u><u>29,000</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2009.

The required contribution is based on projected pay-as-you-go financing. For fiscal year 2009, the District contributed \$128,000. Retiree and active members receiving benefits contributed \$183,000 through their required contributions, depending on which of the three plans offered by the District the employee participated in.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2009 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	\$157,000	81.53%	\$29,000

OSKALOOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Funded Status and Funding Progress - As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2008 through June 30, 2009, the actuarial accrued liability was \$1,461,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,461,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$13,791,666, and the ratio of the UAAL to covered payroll was 10.6%. As of June 30, 2009, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2008 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumption includes a 4.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 11%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2008.

Projected claim costs of the medical plan are \$672 per month for retirees who have attained the age of 60. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(9) Risk Management

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(10) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$857,815 for the year ended June 30, 2009 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

OSKALOOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

(11) Financial Condition

The General Fund, Non-major Special Revenue Fund-Management Levy and Enterprise Fund-Student Construction had deficit undesignated, unreserved fund balances at June 30, 2009 of \$326,787, \$168,761, \$126,730 respectively. In addition, the Special Revenue Fund-Activity Fund had several individual account deficit balances.

(12) Subsequent Event

On October 8, 2009, Governor Chet Culver announced a 10 percent across-the-board cut to state general fund appropriations effective immediately. The cut is a reduction of approximately \$238.5 million to Iowa schools and approximately \$800,000 to the Iowa Department of Education. What this will mean to Iowa school districts is still unfolding.

Required Supplementary Information

OSKALOOSA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
Year ended June 30, 2009

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2008	\$ -	1,461,000	1,461,000	0.0%	13,791,666	10.6%

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

OSKALOOSA COMMUNITY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN BALANCES - BUDGET AND ACTUAL
ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
Year ended June 30, 2009

	Governmental Funds - Actual	Proprietary Funds - Actual	Total Actual	Budgeted Amounts		Final to Actual Variance- Positive (Negative)
				Original	Final	
Revenues:						
Local sources	\$ 12,599,208	600,615	13,199,823	14,131,481	14,131,481	(931,658)
State sources	12,724,222	10,407	12,734,629	13,284,542	13,284,542	(549,913)
Federal sources	923,057	496,219	1,419,276	1,209,000	1,209,000	210,276
Total revenues	26,246,487	1,107,241	27,353,728	28,625,023	28,625,023	(1,271,295)
Expenditures:						
Instruction	15,499,084	148,995	15,648,079	15,312,016	15,312,016	(336,063)
Support services	6,708,900	28,607	6,737,507	7,868,290	7,868,290	1,130,783
Noninstructional programs	-	919,374	919,374	1,082,560	1,082,560	163,186
Other expenditures	5,874,741	-	5,874,741	4,695,580	5,611,886	(262,855)
Total expenditures	28,082,725	1,096,976	29,179,701	28,958,446	29,874,752	695,051
Excess (deficiency) of revenues over (under) expenditures	(1,836,238)	10,265	(1,825,973)	(333,423)	(1,249,729)	(576,244)
Other financing sources, net	28,515	-	28,515	450	450	28,065
Excess (deficiency) of revenues and other financing sources over (under) expenditures	(1,807,723)	10,265	(1,797,458)	(332,973)	(1,249,279)	(548,179)
Balances beginning of year	8,069,005	130,732	8,199,737	4,278,041	4,278,041	3,921,696
Balances end of year	\$ 6,261,282	140,997	6,402,279	3,945,068	3,028,762	3,373,517

See accompanying independent auditor's report.

OSKALOOSA COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
Year ended June 30, 2009

This budgetary comparison is presented as Required Supplementary Information in accordance with *Governmental Accounting Standard* Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted disbursements by \$916,306.

During the year ended June 30, 2009, disbursements in the instruction and other expenditures functions exceeded the amounts budgeted.

Other Supplementary Information

OSKALOOSA COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2009

	Special Revenue			
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Total
Assets				
Cash and pooled investments	\$ -	362,965	375,788	738,753
Receivables:				
Property tax:				
Delinquent	2,887	-	6,318	9,205
Succeeding year	520,002	-	514,083	1,034,085
Due from other funds	-	50,789	-	50,789
Total assets	\$ 522,889	413,754	896,189	1,832,832
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	4,178	-	4,178
Early retirement payable	76,217	-	-	76,217
Due to other funds	95,431	51,543	91,861	238,835
Deferred revenue:				
Succeeding year property tax	520,002	-	514,083	1,034,085
Total liabilities	691,650	55,721	605,944	1,353,315
Fund balances:				
Unreserved fund balances	(168,761)	358,033	290,245	479,517
Total liabilities and fund balances	\$ 522,889	413,754	896,189	1,832,832

See accompanying independent auditor's report.

Schedule 2

OSKALOOSA COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 Year ended June 30, 2009

	Special Revenue			Total
	Management Levy	Student Activity	Physical Plant and Equipment Levy	
Revenues:				
Local sources:				
Local tax	\$ 224,728	-	492,834	717,562
Other	34,793	516,453	19,670	570,916
State sources	140	-	307	447
Total revenues	259,661	516,453	512,811	1,288,925
Expenditures:				
Current:				
Instruction:				
Regular	119,990	-	37,801	157,791
Other	-	540,165	-	540,165
Support Services:				
Administration	100	-	-	100
Operation and maintenance of plant	276,434	-	18,700	295,134
Transportation	-	-	157,539	157,539
Other expenditures:				
Facilities acquisition	-	-	320,261	320,261
Total expenditures	396,524	540,165	534,301	1,470,990
Deficiency of revenues under expenditures	(136,863)	(23,712)	(21,490)	(182,065)
Other financing sources (uses):				
Operating transfers in	-	-	523,909	523,909
Operating transfers out	-	-	(558,130)	(558,130)
Total other financing uses	-	-	(34,221)	(34,221)
Deficiency of revenues under expenditures and other financing uses	(136,863)	(23,712)	(55,711)	(216,286)
Fund balance beginning of year	(31,898)	381,745	345,956	695,803
Fund balance end of year	\$ (168,761)	358,033	290,245	479,517

See accompanying independent auditor's report.

OSKALOOSA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUNDS, STUDENT ACTIVITY ACCOUNTS
Year ended June 30, 2009

Account	Balance Beginning of Year	Revenues	Expendi- tures	Intrafund Transfers	Balance End of Year
Fund Balance-Reg Not Spent	\$ -	1,214	-	-	1,214
Senior High Drama	3,375	3,966	3,794	(793)	2,754
Senior High Vocal Spec Events	720	588	1,075	500	733
Senior High Band Spec Events	1,647	21,454	19,010	500	4,591
Special Girls Track	3,096	3,953	1,626	(1,469)	3,954
Senior High Cross Country	674	817	1,999	3,700	3,192
Dance and Drill	1,894	2,469	2,709	-	1,654
Boys Basketball	18,656	31,222	32,235	(9,000)	8,643
Football	32,330	39,734	49,239	590	23,415
Boys Soccer	1,647	3,131	3,820	2,900	3,858
Special Boys Soccer	273	281	20	-	534
Baseball	792	4,819	7,582	7,100	5,129
Boys Track	(260)	2,181	5,813	5,600	1,708
Boys Tennis	(217)	108	3,488	6,000	2,403
Special Boys Tennis	-	533	574	-	(41)
Boys Golf	611	31	1,480	3,600	2,762
Special Boys Golf	195	600	-	-	795
Wrestling	5,451	6,169	6,629	1,410	6,401
Girls Basketball	18,009	7,626	10,553	(8,000)	7,082
Girls Volleyball	3,429	8,039	12,945	6,324	4,847
Girls Soccer	1,493	1,293	4,733	3,100	1,153
Special Girls Soccer	1,761	2,000	1,998	-	1,763
Girls Softball	5,624	11,257	10,022	876	7,735
Girls Track	779	2,164	7,673	6,257	1,527
Girls Tennis	(54)	45	1,421	4,500	3,070
Special Girls Tennis	1,233	762	460	-	1,535
Girls Golf	497	315	1,516	3,500	2,796
Special Girls Golf	740	-	241	-	499
Senior High Annual	7,326	13,853	14,428	-	6,751
Junior High Activity Tickets	2,700	4,140	30	(5,000)	1,810
Senior High Thespians	245	1,098	1,332	-	11
Senior High Pep Club	519	2,231	2,859	-	(109)
Special Football	3,046	16,607	16,169	-	3,484
Senior High Student Council	4,800	28,329	27,216	-	5,913
Senior High Business Ed Part	12	15	-	-	27
Senior High Special Baseball	15,008	11,009	25,449	(2,600)	(2,032)
Oskaloosa Basketball Camp	517	1,294	3,735	2,600	676
Senior High Special Wrestling	1,358	2,104	2,376	-	1,086
Pepsi Rebate	5,670	-	-	-	5,670
Middle School Orchestra	799	1,678	655	-	1,822
Senior High Athletics	(8)	5,209	7,402	3,637	1,436
Senior High Band Repair Spec Events	56	-	488	500	68
Senior High Orchestra Repair	2,658	3,634	2,433	425	4,284
Senior High FFA	10,043	21,787	13,129	-	18,701
Senior High Forensics	596	-	-	-	596
Joe Gray Penmanship Award	434	500	462	-	472

OSKALOOSA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUNDS, STUDENT ACTIVITY ACCOUNTS
Year ended June 30, 2009

Account	Balance Beginning of Year	Revenues	Expendi- tures	Intrafund Transfers	Balance End of Year
Senior High The O	363	13	152	-	224
Senior High O Club	24,401	35,168	27,476	(17,100)	14,993
Sophomore Class	797	473	-	-	1,270
Junior Class	1,877	526	-	-	2,403
Senior Class	630	771	101	(385)	915
Storybook Players	2,751	958	782	-	2,927
Senior High World of Work	743	266	803	-	206
Senior High Project Write	965	-	-	-	965
Senior High Special Track	3,356	1,774	3,967	(300)	863
Senior High Work Program	13	-	-	-	13
Business M.O.C.	482	149	453	-	178
Senior High Spec Girls Basketball	387	2,780	2,798	-	369
Special Softball	6,971	12,154	9,488	-	9,637
Senior High Volleyball Camp	4,511	12,195	13,416	-	3,290
Senior High Choir Robes	23	140	30	-	133
Middle School Spec Activity Fund Raiser	6,377	24,819	12,252	(210)	18,734
Biology Field Trips	24	-	-	-	24
Special Events Change	612	450	1,200	-	(138)
Interest	30,472	12,841	13,160	-	30,153
Elementary Band	3,616	6,102	8,447	-	1,271
Middle School Science	106	-	-	-	106
Middle School Band Special Event	7,528	4,942	5,274	-	7,196
Middle School Band Uniforms	4,353	5,915	6,339	210	4,139
Middle School Annual	228	7	-	-	235
Senior High Activity Tickets	3,615	7,395	-	(8,150)	2,860
Senior High General Adm	34,853	27,255	27,963	385	34,530
Middle School Athletics	4,971	7,685	16,157	5,658	2,157
Middle School Student Council	2,288	2,906	844	(600)	3,750
Middle School Pep Club	2,551	-	-	-	2,551
Middle School Vocal Special Events	1,598	688	827	-	1,459
Middle School Orchestra Special Events	266	2,238	1,681	-	823
Middle School Special Events Band Repair	110	-	-	-	110
Senior High Home Fees	3,553	570	1,181	-	2,942
Athletic Adm Senior High	7,108	4,401	3,718	(4,000)	3,791
Athletic Pop Fund	21,695	8,390	10,128	(13,802)	6,155
Senior High Snack Machines	878	-	785	-	93
Senior High Pop Fund	2,416	8,991	9,925	802	2,284
Industrial Tech Module	87	-	-	-	87
Band Special Fund Raiser	1,890	-	-	-	1,890
OHS Store	825	-	-	-	825
Student Council Sign	446	-	447	-	(1)
Middle School Peer Helpers	1,442	5,387	6,939	735	625
Senior High At Risk	1,306	100	45	-	1,361
FFA Vending	5,050	13,439	12,090	-	6,399
Freshman Class	729	450	-	-	1,179
Motivation Comm	-	600	213	-	387
Middle School Drama	1,824	1,393	852	-	2,365
MS Special Wrestling FB	-	405	-	-	405
Elementary	12,676	18,658	18,618	-	12,716

OSKALOOSA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUNDS, STUDENT ACTIVITY ACCOUNTS
Year ended June 30, 2009

Account	Balance Beginning of Year	Revenues	Expendi- tures	Intrafund Transfers	Balance End of Year
Math Scholarship	105	-	-	-	105
Middle School Life Skills MD Special Olympics	929	-	-	-	929
HS Life Skills	-	61	-	-	61
Life Skills MD Secondary	240	-	-	-	240
MS Special Supplies	-	1,000	205	-	795
Middle School General Adm	6,523	11,674	10,504	-	7,693
Middle School At Risk Fund Raiser	(96)	-	26	-	(122)
Senior High Special Education	(240)	25	-	-	(215)
Dropout Prevention/Oasis Fund	347	40	61	-	326
	<u>\$ 381,745</u>	<u>516,453</u>	<u>540,165</u>	<u>-</u>	<u>358,033</u>

See accompanying independent auditor's report.

OSKALOOSA COMMUNITY SCHOOL DISTRICT
COMBINING STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2009

	Enterprise Funds			
	Farm Account	Student Construction	School Nutrition	Total
Assets				
Current assets:				
Cash and pooled investments	\$ 435	-	127,493	127,928
Accounts receivable	-	-	2,003	2,003
Inventories	-	-	13,398	13,398
Capital assets, net of depreciation	-	-	192,095	192,095
Total assets	\$ 435	-	334,989	335,424
Liabilities				
Current liabilities:				
Accounts payable	\$ -	947	-	947
Due to other funds	-	125,783	52,858	178,641
Unearned revenue	-	-	13,088	13,088
Total current liabilities	-	126,730	65,946	192,676
Noncurrent liabilities:				
Other post employment benefits	-	-	1,751	1,751
Total liabilities	-	126,730	67,697	194,427
Net assets				
Invested in capital assets, net of related debt	-	-	192,095	192,095
Unrestricted	435	(126,730)	75,197	(51,098)
Total net assets	\$ 435	(126,730)	267,292	140,997

See accompanying independent auditor's report.

OSKALOOSA COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 PROPRIETARY FUNDS
 Year ended June 30, 2009

	Enterprise Funds			Total
	Farm Account	Student Construction	School Nutrition	
Operating revenue:				
Local sources:				
Other local sources:				
Sale of lunches and breakfasts	\$ -	-	486,218	486,218
Sale of services	8,000	105,293	-	113,293
Total operating revenue	8,000	105,293	486,218	599,511
Operating expenses:				
Instructional programs:				
Regular	-	148,995	-	148,995
Support services:				
Administration	-	3,249	-	3,249
Operation and maintenance of plant	-	2,500	22,858	25,358
	-	154,744	22,858	177,602
Non-instructional programs:				
Food services operations:				
Salaries	-	-	281,995	281,995
Benefits	-	-	120,759	120,759
Purchased services	-	-	1,440	1,440
Supplies	-	-	486,101	486,101
Depreciation	-	-	29,079	29,079
	-	-	919,374	919,374
Total operating expenses	-	154,744	942,232	1,096,976
Operating gain (loss)	8,000	(49,451)	(456,014)	(497,465)
Non-operating revenue:				
Local sources	-	-	1,104	1,104
State sources	-	-	10,407	10,407
Federal sources	-	-	496,219	496,219
Total non-operating revenue	-	-	507,730	507,730
Changes in net assets	8,000	(49,451)	51,716	10,265
Net assets beginning of year	(7,565)	(77,279)	215,576	130,732
Net assets end of year	\$ 435	(126,730)	267,292	140,997

See accompanying independent auditor's report.

OSKALOOSA COMMUNITY SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year ended June 30, 2009

	Enterprise Funds			
	Farm Account	Student Construction	School Nutrition	Total
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	\$ -	-	475,225	475,225
Cash received from miscellaneous operating activities	8,000	105,293	-	113,293
Cash payments to employees for services	-	-	(401,003)	(401,003)
Cash payments to suppliers for goods or services	-	(158,713)	(474,543)	(633,256)
Net cash provided (used) by operating activities	8,000	(53,420)	(400,321)	(445,741)
Cash flows from non-capital financing activities:				
State grants received	-	-	10,407	10,407
Federal grants received	-	-	454,831	454,831
Net cash provided by non-capital financing activities	-	-	465,238	465,238
Cash flows from investing activities:				
Interfund loan	(8,000)	53,420	(17,142)	28,278
Interest on investments	-	-	1,104	1,104
Net cash provided (used) by investing activities:	(8,000)	53,420	(16,038)	29,382
Net increase in cash and cash equivalents	-	-	48,879	48,879
Cash and cash equivalents at beginning of year	435	-	78,614	79,049
Cash and cash equivalents at end of year	\$ 435	-	127,493	127,928
Reconciliation of operating gain (loss) to net cash provided (used) by operating activities:				
Operating gain (loss)	\$ 8,000	(49,451)	(456,014)	(497,465)
Adjustments to reconcile operating gain (loss) to net cash provided (used) by operating activities:				
Commodities used	-	-	41,388	41,388
Depreciation	-	-	29,079	29,079
(Increase) in inventories	-	-	(4,957)	(4,957)
(Increase) in accounts receivable	-	-	(2,003)	(2,003)
(Decrease) in accounts payable	-	(3,969)	(575)	(4,544)
(Decrease) in deferred revenue	-	-	(8,990)	(8,990)
Increase in other post employment benefits	-	-	1,751	1,751
Net cash provided (used) by operating activities	\$ 8,000	(53,420)	(400,321)	(445,741)

Non-cash investing, capital and financing activities:

During the year ended June 30, 2009, the District received federal commodities valued at \$41,388.

See accompanying independent auditor's report.

OSKALOOSA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS
FOR THE LAST EIGHT YEARS

	Modified Accrual Basis							
	2009	2008	2007	2006	2005	2004	2003	2002
Revenues:								
Local sources:								
Local tax	\$ 10,853,152	10,473,002	9,717,780	10,112,437	10,042,855	9,465,204	8,385,368	6,465,860
Tuition	464,849	430,670	370,602	299,511	326,404	444,713	283,540	279,779
Other	1,281,207	1,333,958	1,333,909	1,748,735	1,130,049	1,041,230	960,806	1,011,201
Intermediate sources	-	-	-	-	-	-	33,700	4,015
State sources	12,724,222	12,570,040	11,330,164	10,877,949	10,495,514	10,315,329	11,309,707	10,346,601
Federal sources	923,057	676,239	721,238	828,890	861,630	925,182	636,812	959,834
Total	\$ 26,246,487	25,483,909	23,473,693	23,867,522	22,856,452	22,191,658	21,609,933	19,067,290
Expenditures:								
Instruction:								
Regular	\$ 11,152,143	10,384,722	9,868,246	8,628,916	8,383,117	8,208,263	8,109,955	8,199,175
Special	3,406,674	3,388,218	3,020,880	2,563,071	2,565,959	2,493,156	2,123,023	2,078,513
Other	940,267	940,488	1,124,062	2,042,558	1,466,170	1,554,908	1,538,660	1,477,561
Support services:								
Student	724,780	1,066,298	1,054,735	1,057,412	969,415	950,767	914,028	854,094
Instructional staff	638,459	1,665,423	709,316	705,920	766,037	450,061	441,450	492,378
Administration	1,920,698	2,045,547	1,884,408	1,928,898	1,589,518	1,454,979	1,536,750	1,501,823
Operation and maintenance of plant	2,315,972	2,390,151	2,357,837	2,398,119	1,900,009	1,720,436	1,586,826	1,554,724
Transportation	1,108,991	862,566	866,161	873,562	658,792	566,650	511,112	600,102
Central support	-	-	-	-	-	125,895	91,032	-
Other expenditures:								
Facilities acquisition	320,261	365,915	183,391	1,371,806	6,316,892	14,323,925	7,653,437	1,189,916
Long-term debt:								
Principal	3,955,112	5,295,000	1,795,000	1,615,000	1,315,000	670,000	-	-
Interest and other charges	741,553	775,626	795,514	925,121	854,809	611,723	200,904	-
AEA flowthrough	857,815	808,080	751,761	709,649	694,480	703,926	744,979	746,909
Total	\$ 28,082,725	29,988,034	24,411,311	24,820,032	27,480,198	33,834,689	25,452,156	18,695,195

See accompanying independent auditor's report.

OSKALOOSA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2009

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
School Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY 09	\$ 75,522
National School Lunch Program	10.555	FY 09	420,697
			<u>496,219</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY 09	<u>355,888</u>
Vocational Education - Basic Grants to States	84.048	FY 09	<u>34,567</u>
Safe and Drug-Free Schools and Communities - State Grants	84.186	FY 09	<u>11,504</u>
ARRA - State Fiscal Stabilization Fund (SFSF)- Education State Grants, Recovery Act	84.394	FY 09	<u>198,525</u>
Improving Teacher Quality State Grants	84.367	FY 09	<u>3,332</u>
Grants for State Assessments and Related Activities	84.369	FY 09	<u>15,327</u>
Area Education Agency (AEA 11):			
Special Education - Grants to States	84.027	FY 09	<u>138,133</u>
ARRA - Special Education - Grants to States - Recovery Act	84.391	FY 09	<u>75,252</u>
Total			<u>\$ 1,328,747</u>

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Oskaloosa Community School District and is presented in conformity with the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.

OSKALOOSA COMMUNITY SCHOOL DISTRICT

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance
and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Board of Education of
Oskaloosa Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Oskaloosa Community School District, Oskaloosa, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated March 16, 2010. We conducted our audit in accordance with U.S. generally accepted auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Oskaloosa Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Oskaloosa Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Oskaloosa Community School District's internal control over financial reporting.

A *control deficiency* exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Oskaloosa Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Oskaloosa Community School District's financial statements that is more than inconsequential will not be prevented or detected by Oskaloosa Community School District's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Oskaloosa Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Oskaloosa Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Oskaloosa Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Oskaloosa Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Oskaloosa Community School District and other parties to whom Oskaloosa Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Oskaloosa Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Van Maanen, Sietstra & Meyer, PC

Van Maanen, Sietstra & Meyer, PC
Certified Public Accountants

March 16, 2010

Independent Auditor's Report on Compliance with Requirements Applicable
to Each Major Program and on Internal Control over Compliance
in Accordance with OMB Circular A-133

To the Board of Education of
Oskaloosa Community School District:

Compliance

We have audited the compliance of Oskaloosa Community School District with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. Oskaloosa Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Oskaloosa Community School District's management. Our responsibility is to express an opinion on Oskaloosa Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Oskaloosa Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Oskaloosa Community School District's compliance with those requirements.

In our opinion, Oskaloosa Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of Oskaloosa Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Oskaloosa Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Oskaloosa Community School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the District's internal control that might be significant deficiencies or material weaknesses as defined below. We identified no deficiency in internal control over compliance that we consider to be a material weakness.

A control deficiency in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control.

Oskaloosa Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we expressed our conclusions on the District's responses, we did not audit Oskaloosa Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Oskaloosa Community School District and other parties to whom Oskaloosa Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Van Maanen, Sietstra & Meyer, PC

Van Maanen, Sietstra & Meyer, PC
Certified Public Accountants

March 16, 2010

OSKALOOSA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2009

Part I: Summary of the Independent Auditor's Results:

- (a) Unqualified opinions were issued on the financial statements.
- (b) No significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No significant deficiencies in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with the Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - Clustered programs:
 - CFDA Number 10.553 – School Breakfast Program
 - CFDA Number 10.555 – National School Lunch Program
 - CFDA Number 84.010 – Title I Grants to Local Educational Agencies
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Oskaloosa Community School District qualified as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE

No matters were noted.

SIGNIFICANT DEFICIENCIES

No matters were noted.

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE

No matters were noted.

SIGNIFICANT DEFICIENCIES

No matters were noted.

OSKALOOSA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2009

Part IV: Other Findings Related to Statutory Reporting:

- IV-A-09 Certified Budget - Disbursements for the year ended June 30, 2009, exceeded the certified budget amounts in the instruction and other expenditures functional areas.

Recommendation - The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa Before disbursements were allowed to exceed the budget.

Response – Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion - Response accepted.

- IV-B-09 Questionable Disbursements - No disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

- IV-C-09 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

- IV-D-09 Business Transactions – No business transactions between the District and District officials or employees were noted.

- IV-E-09 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.

- IV-F-09 Board Minutes - No transactions requiring Board approval which had not been approved by the Board were noted.

- IV-G-09 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.

- IV-H-09 Deposits and Investments - No instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the District's investment policy were noted.

- IV-I-09 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.

- IV-J-09 Deficit Balances - The General Fund, Special Revenue Fund-Management Levy and the Enterprise Fund-Student Construction had deficit balances as of June 30, 2009. The Special Revenue Fund-Student Activity had several deficit amounts as of June 30, 2009.

Recommendation - The District should continue to monitor these accounts and investigate alternatives to eliminate these deficits.

Response - We are monitoring these situations. We are currently analyzing alternatives to reverse these deficit balances. We must also note that the overall fund balance in the Student Activity Fund is positive.

Conclusion - Response accepted.

OSKALOOSA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2009

- IV-J-09 Categorical Funding – No instances were noted of categorical funding used to supplant rather than supplement other funds.
- IV-K-09 Statewide Sales and Services Tax – No instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales and services tax. For the year ended June 30, 2009, the District's financial activity and other required information for the statewide sales and services tax are as follows:

Beginning balance	\$ -
Statewide sales and services tax revenue	2,847,365
Expenditures/transfers out:	
Debt service for school infrastructure:	
General obligation debt	<u>2,847,365</u>
Ending balance	<u><u>\$ -</u></u>